

**SENATE STANDING COMMITTEE ON ECONOMICS QUESTION**  
**(Supplementary Budget Estimates 20 October – 21 October)**

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**Question: SBT 77**

**Topic: ATO Delays**

Senator Bushby asked:

1. What does the ATO regard as a reasonable time in which to reimburse taxpayers who have overpaid their tax? What is regarded as too slow?
2. How much is paid in compensation to taxpayers when the ATO is late making a refund? Is it the GIC charge?

**Answer:**

1. If the assessment, amended assessment or activity statement shows an overpayment of tax, the amount overpaid and applicable interest is forwarded to the taxpayer with the notice of assessment or directly to their bank account where they chose to provide these details.

ATO service standard benchmarks for processing original income tax returns are as follows:

- For individuals:
  - 94 per cent within 14 days for electronically lodged returns
  - 80 per cent within 42 days for paper returns
- For non-individuals:
  - 92 per cent within 14 days for electronically lodged returns
  - 80 per cent within 56 days for paper returns

ATO service standard benchmarks for processing original activity statement forms are as follows:

- For individuals:
  - 92 per cent within 14 days for electronically lodged forms
  - 85 per cent within 14 days for paper forms

If a return or activity statement is incomplete, incorrect, or needs manual checking, it may take longer to process.

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2. Taxpayers are not compensated in respect of late refunds. However, if the ATO takes more than 30 days after lodgment to issue a notice of assessment, and that assessment entitles the taxpayer to a tax refund, interest is calculated and paid to the taxpayer. Interest is paid for the period from the thirtieth day after the day on which the ATO received the return and ends on the day the notice of assessment is issued.

In relation to business activity statement (BAS) amounts, interest is payable if a refund that the ATO is required to give is not paid by the fourteenth day on which the credit amount arises.

The interest is paid at a rate based on the monthly average yield of 90-day Bank Accepted Bills published by the Reserve Bank of Australia. The rate was 3.95 per cent (1 January to 31 March 2010), 4.16 per cent (1 April to 30 June 2010) and 4.74 per cent (1 July to 30 December 2010).